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FUTURE CLUB WORK IN THE COTTON BELT

A radio talk by W. B. Camp, Assistant Chief, Cotton Production Section, Agricultural Adjustment Administration, U. S. D. A., delivered in the National 4-H Club Radio Program, February 2, 1935, and broadcast by a network of 58 associate NBC radio stations.

How do you do, 4-H Club Members:

This is the first chance I have had to talk with you boys and girls since our meeting at the annual Club Camp in Washington last summer. And I assure you I appreciate this opportunity.

I've been asked to talk to you today about how the cotton program will influence the future activities of young people on southern farms.

Well now young folks, let's not forget that the purpose of the whole adjustment program is to relieve the existing national economic emergency by increasing agricultural purchasing power. And I know you club folks will agree with me when I say we have made rapid strides in that direction. Cotton, the crop that the South is interested in and that I am talking about, is worth today more than twice as much as it was in the fall of 1932 before we had any adjustment program. The farm price of cotton in the winter of 1932-33 was around a nickel a pound while today it is better than 12 cents a pound.

This advance in the price of our leading cash crop in the South is helping to do the very thing the adjustment program set out to accomplish namely, to increase the buying power of farm people. I say that because the records show that Southern farmers spent more money in 1934 than they have spent before in many years. Last year's Christmas buying was the biggest since 1929. Bank failures were less in 1934 than in 14 years. And the maps of the Nation's Business show that business conditions in the Cotton Belt have been getting better since the summer of 1933.

The Cotton Program, which is a part of the national agricultural adjustment program, is undoubtedly responsible for a larger part of this increased purchasing power in the South in the last 2 years. But don't forget that it took a lot of work, a lot of planning, and a lot of loyal cooperation to double the price and the cash value of the cotton crop in one year. But it happened.

Plowing up 10 million acres of cotton in 1933, holding the cotton acreage down in 1934 and '35 naturally gives you boys and girls more time for other things. Instead of working yourselves to death producing cheap cotton you now have more time for constructive club work where you can study and learn how to produce better pigs, better calves, better chickens, better feed, better pastures, and in short, how to make a better living on the farm.

In other words, the cotton adjustment program has given the farm boys and girls of the South a new opportunity by giving them less acres in cotton which means more time for other projects.

(over)

As I see it, the future activities of the young people on southern farms will not be materially different from what it has been except that under the program of less cotton you will find more time for other things. And I understand that your leaders are already planning to give you some of those other things-----things that ought to go along with any good program of balanced farming.

Some people think that cotton is about the only crop we can grow in the South. But the adjustment program is teaching us a different lesson. We are beginning to find out that we can practice diversified farming in a profitable way, and successful southern farmers are now talking about planned farming that includes an abundant living, rather than merely a cash crop as it used to be under the old way of producing cotton.

So in answering Mr. Salisbury's question, what will be the future activities of the young people on southern farms as a result of the adjustment program, I would say they will be along the line of a better system of farming. As I see it the cotton program and the other adjustment programs in the South will give our young people more time for club projects. And that, in turn, just naturally means a bigger and broader life because it will help to keep us from falling back into the rut that one-crop sections often follow to their sorrow.

So in conclusion, let me say that I have thoroughly enjoyed these few minutes with you young folks, and that I rejoice with you in the better times that have come into the Cotton Belt as a result of the adjusted conditions. And now let's one and all pull together in the future as we have during the past 2 years so we can hold on to the gains already made while we strive for something still better.

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THE 1935 COTTON ADJUSTMENT PROGRAM

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A radio interview between Cully A. Cobb, Chief, Cotton Section, AAA, and Paul A. Porter, Chief, Press Service, AAA, broadcast in the Department of Agriculture period, National Farm and Home Hour, Monday, March 4, 1935, by NBC and 50 associated radio stations.

ANNOUNCER: Ladies and Gentlemen, for the past several weeks community and county committees in the Cotton Belts have been engaged in preliminary work leading up to the 1935 adjustment program and the administration of the Bankhead Act. Saturday, the AAA made some important announcements with respect to the cotton program. Today we have Cully A. Cobb, Director of the Cotton Division, who will bring us up to date on the 1935 cotton program. Mr. Cobb will be interviewed by Paul A. Porter, chief of the Press Section of the AAA. We will first hear from Mr. Porter.

PORTER:

Good Afternoon, Farm and Home Friends. I welcome the opportunity to put Mr. Cobb on the spot and ask him a lot of questions about the 1935 cotton program. The Ides of March are here and it won't be long now before Dixie's cotton crop is in the ground. I have a letter from a friend of mine down in Georgia. He has a small farm and signed a two year contract in 1934. What he wants to know, Mr. Cobb, is how much cotton he should plant in 1935.

COBB:

Well, Paul, I am glad to be put on the spot and if you can ask me any questions about the 1935 cotton program that I can't answer, I'm out one lunch when we get through here. Now about that friend of yours down in Georgia, I'd like to ask you a question. How often does he come to town?

PORTER:

I suppose he gets in on Saturday afternoon. But what's that got to do with it?

COBB:

If he has been in touch with his county agent recently or talked with his neighbors, if he remembers anything at all about last year's program he should have a pretty fair idea of just how to proceed with his plans for the 1935 crop. Suppose I take a few minutes and describe the current situation and if you have any more questions then we'll take them up.

PORTER:

Suits me. But don't forget that my Georgia friend wants to know about how much cotton he should plant this spring.

COBB:

All right, Paul. I'll give him that information before I get through. But first let's take a look at what's happening out in the Cotton Belt today. Just before I came up to the studio, I had a talk with some men from North Carolina. Their situation is typical. County and community committees have all been elected and the organization in the field is completed. Today I imagine that thousands of farmers, who are members of these Committees, are busy going over the contracts signed in 1934 and making some adjustments that are necessary to correct errors that have been developed since the contracts were signed. As a matter of fact, much of that work should be completed by now. In addition, as you know Paul, we have cleared the way here in Washington for all of the forms necessary to the administration of the 1935 program. Those cotton farmers who didn't sign up last year will have the opportunity to sign a contract covering the 1935 season. Most of these contracts have been out in the field for a week or more and the sign up is under way in some places. Now we have also completed the form of application for individual allotments under the Bankhead Act. These will be sent within a few days. My information is that the boys in the field are all set and ready to go just as soon as they get these forms and I hope that within the next week or so, the work of signing the new contracts and amendments to old contracts as well as receiving the applications for Bankhead allotments will be under way in every part of the Cotton Belt. After that, it will just be a question of how rapidly the community and county committees can complete their work. I am glad to be able to report good progress on every phase of the program.

PORTER:

That's fine, Mr. Cobb, but what about my friend in Georgia.

COBB:

I am sorry, Paul, I was about to overlook that. Well my advice to your Georgia friend would be to make plans to plant not more than 65 percent of his base acreage.

PORTER:

But he signed a contract to reduce only 25 percent in 1935. How will that be taken care of?

COBB:

That's what I was referring to when I spoke of amendments to the old contracts. The program for 1935 is aimed at a 35 percent reduction of the base acreage. Those who signed contracts in 1934 will be offered amendments to their contracts covering the higher rate of reduction. Also -- and this is even more important -- an effort will be made to have the average production under the contract and the Bankhead allotment correspond as nearly as possible. Does that take care of your Georgia friend?

PORTER:

Only partly, Mr. Cobb. You have advised him to reduce his planted acreage by 35 percent and to shoot at a production of about 65 percent of his

average during the base period. Is that right?

COBB:

That is correct. Otherwise we will produce too much cotton and your Georgia friend knows what that means.

PORTER:

All right, I have a contract before me now -- one of the contracts signed last year. It doesn't say anything about paying for any reduction in addition to the 25 percent. It states that payments must be similar. Now I don't want to advise this friend to reduce his acreage 35 percent and receive payment for only 25 percent. I intend to go back to Georgia some day.

COBB:

Well, I thought you could assume that this additional reduction would be paid for. That is what the amendments to the 1934 contracts are for. Under this rider to the contract, it is provided that each cooperating producer is paid for the amount of acreage he reduces up to and including 35 percent. The rate of payment is 3 1/2 cents per pound on the average yield of each acre withheld from cotton production and a "parity" payment of 1 1/4 cents for 40 percent of his base production.

PORTER:

Is that the same as last year?

COBB:

It is as far as the rental payment is concerned. The parity payment has been increased from 1 cent to 1 1/4 cents.

PORTER:

That should answer this inquiry from Georgia, Mr. Cobb. And all other inquiries of a similar nature. Let me attempt to summarize the situation. Stop me if I make a mistake, Mr. Cobb. You report, first, that the new contracts for 1935 have been sent to the field to give those who did not sign up in 1934 a chance to come in. In addition amendments to the contracts signed in 1934, authorizing a reduction up to 35 percent have been prepared and are being distributed to the 1,000 counties in the cotton belt. Within a short time you expect the applications for tax-exemption certificates under the Bankhead Act to be available. And your advice to producers is to make arrangements to plant 65 percent of their base acreage in 1935 so that, with average production, each cooperating producer will have sufficient tax exemption certificates to cover his usual production on the reduced acreage. You further report, Mr. Cobb, that the field forces are all set and ready to go. In a word, the situation is well in hand.

COBB:

That is an optimistic account of the current situation with which I am in thorough accord. But there is work yet to be done. And I want to urge all cotton producers to join in with their community and county committees and put this program through at the earliest possible time. I do not anticipate the difficulties we experienced last year. But any program as extensive as this one involves many difficulties. But I can say candidly that with the response and cooperation which we may reasonably expect, cotton farmers will find that our experience during the last two seasons has been of great value. I have every reason to believe that the administration of the 1935 program will be smoother and that many of the irritations and annoyances which bothered us all so much last year can be avoided. In fact, the flexibility of the program for 1935 as provided for in the new regulations should result in every cooperating producer receiving about what he is entitled to.

PORTER:

It appears, Mr. Cobb, that you feel that we are perfecting this program as we move along. I can recall the spirit of campaign fervor in the 1933 emergency program and I thought then that after the first great effort, we could simplify the program from the administrative standpoint and that cotton producers would become more thoroughly conversant with the things that had to be done in a great cooperative enterprise of this sort. Then in 1934, the Bankhead Act was passed as a supplementary method of control, right in the middle of the planting season. That required a new approach and a redirection of the field organization to handle this new type of control. So we were still up to our necks in a new experiment in 1934.

COBB:

And if I may interject a comment here, Paul: I feel that the creditable way in which these first two programs were carried through constitute a remarkable tribute to the patience and intelligence of the cotton farmers who are going along with this enterprise. They have shown a fine understanding and have done a wonderful job.

PORTER:

Well we have discussed the administrative features of the 1935 program and there are still vital changes of interest to producers which have not been covered. I am thinking of the two-bale minimum allotment, the elimination of horizontal reductions and the development of an appeal system. Time does not permit discussion of the details of these important innovations in the 1935 cotton program. And, also Mr. Cobb, I haven't raised any question which you haven't answered. I am going to try it now. Tell us, if you can, what's the farmer going to get for his cotton in 1935?

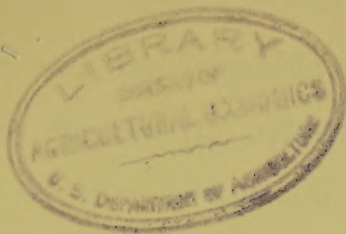
COBB:

Well, first Paul, let me say I haven't the answer and I'll buy the lunch. I knew there was a catch in it somewhere. Even so I have my own ideas, of course, but after being actively interested in cotton for more years than

i want to number, I know better than to make a definite prediction on this subject. But, seriously, this does lead to a question that is of tremendous importance. And one which every cotton producer should carefully consider. We still have a job to do in the South to get our production house in order. During the past two adjustment programs, the cotton surplus has been whittled down. With average weather and the full response to this 1935 program that we anticipate, we should make further progress during this season. Personally, I hope for a carry-over on August 1, 1936 somewhere below 7.5 million bales. This would mean that, with only a slight improvement in consumption during the remainder of this cotton year and slightly below average consumption in the 1935-1936 cotton year, we must hold the 1935 crop down below 12 million bales. What we are shooting at is a crop of about 11.5 million bales this season. That's the reason for a reduction of 35 percent. There are many factors which may make us miss our mark one way or the other. But, in broad terms, 11.5 million bales is the objective. And I might add that the program as devised is directed toward returning to the cotton farmer the largest net income, consistent with the limitations under the Act and the general public interest. The purchasing power in the Cotton Belt has been about doubled over 1932 during the past two seasons. It is going to be a job to maintain that improvement. Given a fair break, however, we can hope for additional improvement. But I am convinced that it is no less important now than it was two years ago to adjust cotton production to a market that really exists. There are important conditions over which the cotton farmer has no control. But certainly it would be folly to run the risk of losing what progress has been made by refusing to vigorously continue this program towards its objective of getting this surplus down to manageable size. I have every confidence that farmers understand this program and will not be led off into divergent paths, seeking for a panacea that does not exist. And I am confident also that the third year of cotton adjustment will continue to bring beneficial results to those engaged in the production of cotton.

PORTER:

Thank you, Mr. Cobb, for that final word. Now let's go to lunch.



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THE FARMERS' TARIFF

Address by Cully A. Cobb, director of the Cotton Division, Agricultural Adjustment Administration, over the Dixie Network of the Columbia Broadcasting System at 7:15 p.m. (E.S.T.), Saturday, April 27, 1935.

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Most of you, I am certain, have been hearing, or reading, in the past few weeks, about cotton and the cotton processing tax. It would have been hard to escape the current furore, which to my mind has a touch of the hysteria that characterized the witch hunts of Colonial days.

Intemperate and misleading statements have been flung about as recklessly as cobble stones at Donnybrook Fair. But, after all, controversy is a means of education, and in the long run you and your fellow citizens will have to size up the situation and make the decisions on the many problems connected with cotton and the other agricultural products.

You have no doubt heard oft-repeated wails that the cotton processing tax and Japanese textile imports were ravaging New England mills as the boll weevil once devastated the Southern cotton fields. I have seen story after story about the closing of textile mills, or the curtailment of their operations, that blamed the cotton processing tax or the Japanese imports, or both. It might be said here that the Japanese imports of cotton goods amount to less than one percent of our domestic production.

There has even been an attempt to persuade the Southern farmer to join

Business Unit Information

THE COMPANY'S POLICY

Statement of Policy: This statement of the Board of Directors, dated January 1, 1954, sets forth the Company's policy regarding the management of its business.

It is the policy of the Company to conduct its business in a manner which is consistent with the highest standards of integrity and honesty. The Company is committed to the principle of fair dealing with all its customers and to the principle of equal opportunity for all its employees. The Company is also committed to the principle of responsible citizenship and to the principle of environmental protection.

The Company is committed to the principle of continuous improvement and to the principle of innovation. The Company is also committed to the principle of social responsibility and to the principle of community development. The Company is committed to the principle of environmental protection and to the principle of sustainable development.

in the effort to take away the only effective tariff he has ever had. There is irony in the fact that the textile industry attempts on the one hand to raise tariff barriers that are already high, in order to keep out the tiny trickle of Japnaese imports, and on the other hand to deprive the farmer of all the protection he has.

Let me read you a statement on the processing tax which lucidly sums up the situation:

"As it stands today, the processing tax is the farmer's tariff. Every argument that can be made for the tariff can be made for the processing tax. As long as the farmer must buy in a protected market he must have the benefit of the processing tax system on products whose price is fixed in world markets. Agriculture has been fighting for this principle for years, and it is not going to give it up at this time, no matter how loud the wails from New England. Whenever you get ready to give up the tariff system, whenever you are willing that the textile industry should operate without protection, then American farmers will be ready to listen to the proposal to take off the processing tax."

That ringing assertion did not come from an official of the Agricultural Adjustment Administration. The author is Representative Clifford Hope, of Kansas ranking Republican on the House Agriculture Committee.

Mr. Hope is from a state that has little direct interest in cotton but he knows the sources of the attempt to destroy the processing taxes. His primary interest is in the farmer and his welfare. Listen to what he says about the claim that the processing tax is ruining the textile industry:

"The processing tax has NOT injured the textile industry. Every penny of this tax has been passed on to the consumer, and like other taxes, no doubt in some cases something has been added. The extra cost in the retail price of cotton goods caused by the processing tax has been so little as to be insignificant and has in most cases been much less than the increased cost due to the operation of the N.R.A. codes.

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"As a matter of fact, the processing tax is fair and just in every way, and the only basis for the objection to it is that cotton manufacturers are not willing to pay the farmer a fair price for his cotton."

That is strong language but Mr. Hope follows it with other assertions just as strong.

"Now in conclusion," he said, "let me say that if the processing tax on agricultural commodities goes--and it will go on all commodities if this attempt to repeal the processing tax on cotton is successful--then our tariff system goes. This is not a threat, but I am simply stating an economic fact, because under present conditions the American farmer can not buy in a protected market and sell in a world market, and so I suggest to my good friends from New England that they go back to their constituents, tell them to get over their hysteria, tell them that Congress and the country sympathize with their plight, and are willing to help them, but that such help must not be solely at the expense of the American producer of agricultural products."

I must apologize to Mr. Hope for letting him ~~make~~ so much of my speech but he says the things I want to say in convincing fashion and he represents the bipartisan viewpoint of a man interested in the welfare of all the farmers of the country.

Figures I have assembled bear out Mr. Hope's statement that the processing tax does no real injury to the textile industry. The cotton tax is 4.2 cents a lint pound. Official estimates are that the tax adds 1.3 cents to the cost of the cotton required to make a yard of muslin; around three cents for a work shirt and eight cents for a pair of overalls. Surely, such comparatively small price increases could not have cut consumption of cotton goods until mill after mill must close and throw its employees out of work.

Can the operators be seeking to divert the resentment of their employees working only part time or not at all, to the AAA?

Figures on cotton consumption do not bear out the extreme claims of some mill owners. The cotton year begins August 1. Through March, 1935, cotton consumption by domestic mills totaled 3,634,027 bales. For the same period in the cotton year 1930-31, mill consumption was only 3,384,135. That was before there was any such thing as the Agricultural Adjustment Administration, or a processing tax. Consumption in the first eight months of the cotton year 1931-32 was 3,565,839 bales. Both 1930-31 and 1931-32 were years in which cotton was extremely cheap.

Domestic mill consumption for the first eight months of the current cotton year just about parallels domestic mill consumption over the past five years. Keeping in mind that many mills were closed last fall by the textile strike, I think the statements that the cotton tax has drastically cut consumption are as full of holes as a flour sieve.

NOT all New England, or other textile interests, have joined in the processing tax and Japanese import campaign. Some of their wisest leaders have centered their attention on the real problems of their business. In this connection I have before me a clipping from the Boston Herald of April 15. I quote from it:

"NOT Japanese competition nor the processing tax, but over-production was blamed yesterday for the present crisis in the New England textile industry by J. Foster Smith, agent of the Pequot Mills in Salem, and Ernest N. Hood, treasurer of the same mill and president of the National Association of Cotton Manufacturers."

Both men said, according to the Herald article, that the claims about Japanese competition were so exaggerated that they constituted propaganda.

On American raw cotton that is exported, no processing tax is paid; but on finished cotton goods that are imported into this country there is levied a compensatory tax equal to the processing tax paid by domestic processors. This compensatory tax is in addition to the existing tariff, and the proceeds from it are applied to the cotton program.

Japan pays the market price for American raw cotton, transports it half way around the world, pays a tariff and the compensatory import tax to get the finished goods back into the United States. That set-up hardly seems to give her any new competitive advantage over American processors, as a result of the cotton adjustment plan.

The price of cotton, with the 4.2 cent processing tax added, is just a fraction over 16 cents today. The parity price for cotton also is approximately 16 cents.

Parity is the fair-exchange value of cotton, a fair price for the staple when the things the farmer has to buy are taken into consideration. It is the goal of the Agricultural Adjustment Act.

I believe that the next few months will find many of the far-sighted leaders of the textile industry cooperating with the Administration in an effort to work out a sane and sensible solution to their very real problems. And the Agricultural Adjustment Administration will give them every possible aid because the farmer most certainly has a direct interest in the solvency and prosperity of the industry that buys his cotton.

Some of the manufacturing interests were aware, even in the dark days of 1932, of the interdependence of their prosperity and that of the farmer. The sharp stimulus given many businesses since the price of farm products began to rise, has made others aware of the link.

As you well know, the price of cotton was very low in 1932. It rose steadily during most of 1933, the year the adjustment program went into effect.

The South's added buying power in 1933 and 1934 put thousands of city workers back on their jobs. I have before me a table showing the percentage increases in department store sales in three Southern federal reserve districts in 1934 as compared to 1933 when the cotton program was effective for only a part of the year.

In the Atlanta district the rise was 21.8 percent; in the Dallas district, 19.9 percent and in the Richmond district, 16.7 percent. To a large extent, the rise in cash farm income corresponded with the increase in department store sales. The cash farm income for the Dallas district in 1933 was \$416,779,000 and in 1934, \$439,794,000; the comparative figures for Richmond was \$344,849,000 and \$479,801,000; and for Atlanta, \$400,897,000 and \$491,407,000.

But significantly enough, in the Dallas district the cash farm income would have declined in 1934, as compared to 1933, had it not been for \$85,168,000 in rental and benefit payments. This money was raised through the processing tax.

Some of the staunchest supporters of the Agricultural Adjustment Administration's programs are found among the farmers in the areas blistered by drought in 1934. They know that the adjustment efforts can serve as crop insurance -- the first crop insurance, I think, that the American farmer ever had during his years of struggle with drought, flood, wind and insects.

You have been told about the decline in cotton exports. As I have said, that is a matter of vital concern. Some of us think we know the principal reason and that is the tariff. Industrial interests have insisted that foreign goods be kept out and so barriers have been raised higher and higher. But the foreigner must sell to us if he is to buy from us. The result has been the strangulation of most of our agricultural export market.

Nevertheless the fact remains that the volume of cotton exports in the calendar year 1934 were 30 percent below those of 1933. Something that only a few of you have heard, however, is that the dollars and cents value of these exports declined only 6 percent. In other words, in 1934 this nation received only 6 percent less money for 5,900,000 bales of cotton than it received for 8,500,000 bales in the previous year.

The farmer and the rest of us might ponder whether it would not be to our interest in the long run to raise and export a bit less cotton if we receive as much or more for it as for our exports of other years.

Secretary Wallace has often expressed his faith in the fundamental common-sense of the American people and their ability to make the right decisions if they have adequate data. The people are studying their economic problems for themselves. They are less and less willing to take other peoples' assertions at face value.

I am confident that our programs will be judged by the farmers on the basis of accomplishments. And in that belief I will risk the prophecy that those who feel that the American farmer will willingly surrender the processing tax, should prepare for disillusionment.

The first part of the report is a general survey of the situation in the country. It is followed by a detailed account of the work done during the year. The report then goes on to discuss the results of the work and the conclusions reached. Finally, it contains a list of the names of the persons who have been engaged in the work.